



**Determination of the Competition Authority, dated 3<sup>rd</sup> November 2005, under Section 21 of the Competition Act, 2002 in respect of Merger Notification Case No. M/05/061 - Proposed acquisition by Trader Publishing Limited of Webzone Limited.**

**Introduction**

1. On 19<sup>th</sup> September 2005, the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”), was notified on a mandatory basis of a proposal whereby Trader Publishing Limited (“Trader”), through Trader Media Ireland (“Trader Media”), wholly-owned subsidiary of Trader, would acquire the entire issued share capital of Webzone Limited (“Webzone”).
2. Trader and Trader Media are owned by the Guardian Media Group plc a publisher of newspapers and other publications which are sold in the State. The Authority advised the parties and the Minister that it considered the transaction to be a “media merger” within the meaning of Section 23 of the Act.

**The Parties**

3. Trader, the acquirer, publishes a motoring-related classified advertising publication, Irish Auto Trader. In addition to its publication, Trader also operates a complementary online classified motor vehicle advertising site, [www.autotrader.ie](http://www.autotrader.ie) (“autotrader”).
4. Trader sells approximately 36,103 copies of Irish Auto Trader each week. The Parties have estimated that this figure is less than five percent of the overall market for sales of print advertising of motor vehicles.
5. Trader is a subsidiary of Trader Media Group Limited, the ultimate parent of which is Guardian Media Group plc. The proposed transaction involves the incorporation of two new, non-trading Irish companies, Trader Media Ireland and Trader Media (Holdings) Ireland Limited, both of which will hold and redeem the Consideration Shares in accordance with the Share Purchase Agreement of Trader and Webzone.
6. Webzone, the target, is a private, Dublin-based company, specialising in the provision of several information technology services such as website design, development, hosting, domain and e-mail services.



7. It is also active in the provision of specialist website development services for the Irish motor trade by undertaking web development for both car dealers and distributors.
8. Webzone provides, *inter alia*, online hosting and updating services for dealers' individual websites. Information to be placed on the dealers' websites about their own new and used motor vehicles is provided by the dealers individually to Webzone, using a software package, "Carbase", which was developed by Webzone. Carbase is also used by several online motor vehicle advertisers.
9. Webzone provides an additional "information transfer" service for dealers. This information transfer system (also known as an "export information service") is used by dealers whose websites are hosted and updated by Webzone and who also want to advertise on online motor vehicle advertising websites.
10. In addition to the above specialised information technology services, Webzone also owns and operates an online motor vehicle advertising website, [www.carzone.ie](http://www.carzone.ie) ("carzone.ie").

### **The Transaction**

11. The proposed transaction concerns the acquisition by Trader of the entire issued share capital of Webzone.
12. The rationale for the transaction is that the acquisition of Webzone will complement Trader's existing business and present it with an opportunity to invest in and improve the quality of the Carzone website. Trader intends to invest in developing the quality and range of on-line services which it and Carzone currently offer.

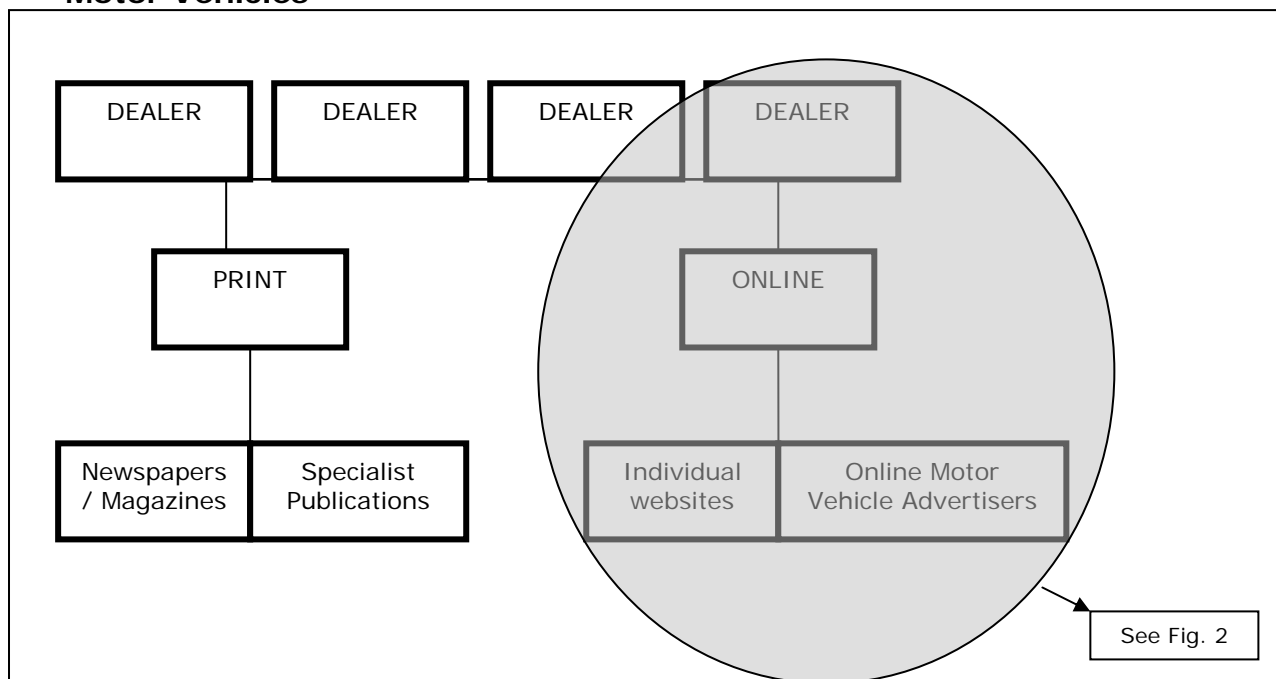
### **Analysis**

#### ***Motor Vehicle Advertising - General***

13. Dealers and private parties wishing to advertise new and/or used cars for sale may choose from a variety of advertising sources such as print media, broadcast media and/or online advertising. The most oft used forms of motor vehicle advertising are print media and online advertising. An overview of motor vehicle advertising in respect of both print media and online advertising is set out in Figure 1 below.



**Figure. 1 Overview of Print and Online Advertising for Motor Vehicles**



#### ***Motor Vehicle Advertising - Print***

14. If a dealer and/or private party wish to advertise using print media, they can choose from both general and specialist publications as illustrated in Figure 1 above. Specialist publications include publications such as *Trader's Irish Autotrader* and *Car Buyers Guide*. Newspapers, such as *The Irish Times*, provide for a motoring supplement in addition to normal classified advertisements for the sale of new and used motor vehicles. Webzone does not publish an equivalent print publication for motor vehicles.
15. The Authority concluded that no overlap exists between the Parties in respect of the publication of motor vehicle-related classified advertising publications.

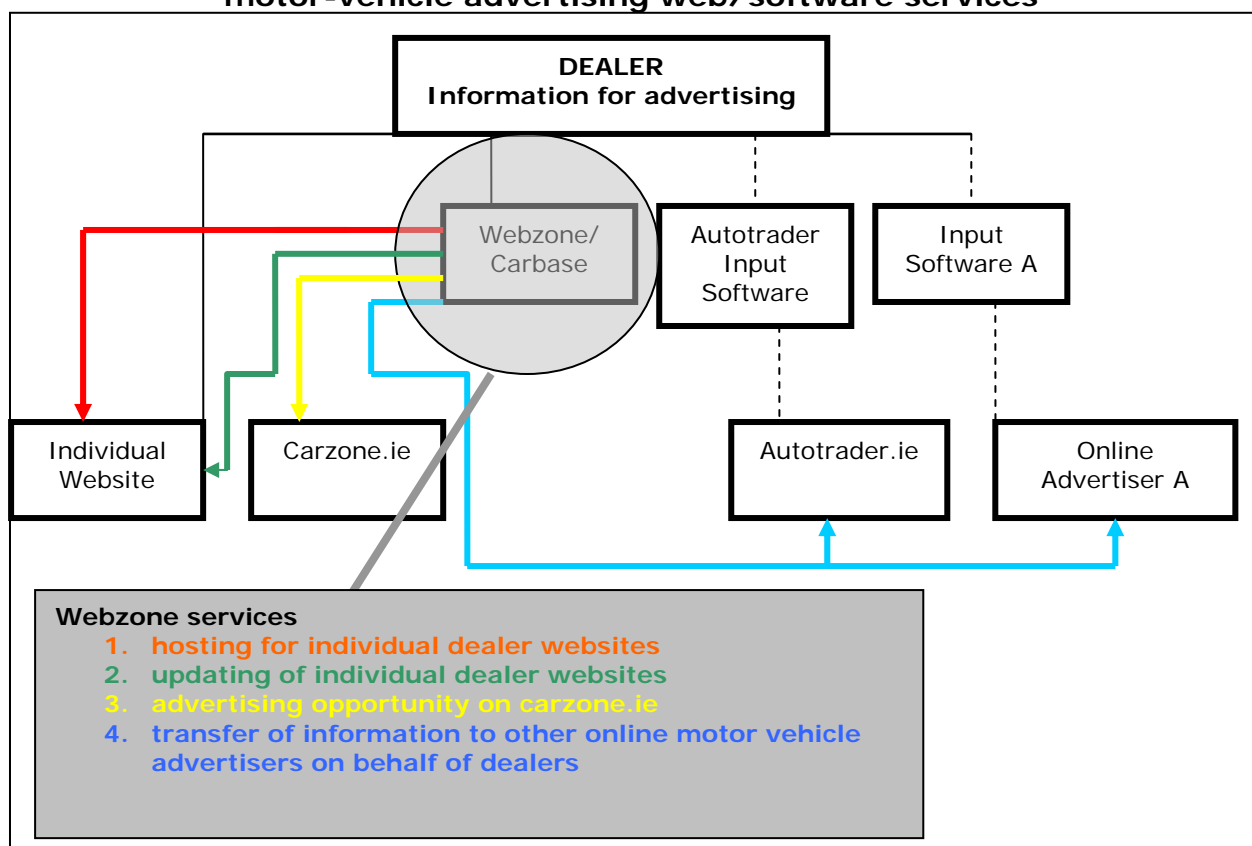
#### ***Motor Vehicle Advertising - Online***

16. In respect of online advertising for motor vehicles, dealers may choose to advertise on their own websites and/or on online motor vehicle advertising websites such as *carzone.ie* or *autotrader.ie*. Private parties may also advertise on online motor vehicle advertising websites.
17. Online motor vehicle advertisers have increased in number over the last several years. Currently, dealers and private parties can choose



from approximately twenty online advertisers such as [www.carzone.ie](http://www.carzone.ie); [www.autotrader.ie](http://www.autotrader.ie); [www.buyandsell.ie](http://www.buyandsell.ie); [www.nicemove.ie](http://www.nicemove.ie); [www.autofinder.ie](http://www.autofinder.ie); [www.motormarket.ie](http://www.motormarket.ie); and [www.autonet.ie](http://www.autonet.ie) in addition to other specialist and general websites. New online motor vehicle advertising services have recently begun operations such as [www.myusedcar.ie](http://www.myusedcar.ie).

**Figure. 2 Overview of online advertising and specialist motor-vehicle advertising web/software services**



18. If a dealer chooses to advertise online, it may, *inter alia*, advertise on its own website. Some dealers, however, do not have the capability to host, operate or update their own websites. Instead, software and web service providers, which include Webzone, may provide hosting and updating services to dealers. This is illustrated in Figure 2 above in relation to Webzone.

19. In order to facilitate the execution of these services, the dealer transfers information to be included on the dealer's website to a hosting/updating service provider - in this instance Webzone – using "input software", again, in this instance Webzone's Carbase software. If a dealer wishes to advertise on Webzone's carzone.ie website, the information is sent to Webzone using the Carbase software. Other online motor vehicle advertisers, such as autotrader.ie and The Irish Times have also developed their own input software, which a dealer



uses to transfer information about their stock for advertising purposes on the online motor vehicle advertisers' websites.

20. Webzone offers a service to its dealer/clients whereby it will transfer information to other online motor vehicle advertisers – its competitors. This may occur where the dealer does not have the respective input systems installed of all the online motor vehicle advertisers it wishes to advertise on. The dealer having reached agreement with the online motor vehicle advertiser may choose to opt for the transfer of information service offered by Webzone for a separate fee.
21. carzone.ie and autotrader.ie provide slightly different online advertising services: carzone.ie's online advertising services are oriented more towards car dealers while autotrader.ie is oriented towards both dealers and private parties.
22. The Authority's investigation has concluded that online motor vehicle advertising is characterized by low barriers to entry and minimal sunk costs, (as evidenced for example in para. 17 above),. Furthermore, online motor vehicle advertisers such as carzone.ie and autotrader.ie face competition from the individual dealers' websites and not just from other online motor vehicle advertisers examples of which are listed in para. 17 above.
23. While online motor vehicle advertising is increasing in usage, it still faces some degree of competitive constraint from other more traditional forms of advertising such as print media, despite the difference in type of user attracted to print advertising and the user preferring to use online advertising.
24. The Authority has concluded that while the Parties' activities overlap in the provision of online motor vehicle advertising services, no competition concerns arise. Post-merger, dealers and private parties will continue to be able to choose from a wide variety of print and broadcasting media and/or in an increasing number of online motor vehicle advertising websites in which to advertise and will not be presented with any difficulties in using a multiple of these advertising sources.
25. In respect of the potential for vertical overlap in the Parties' activities, in particular, the transfer of information from Webzone, on behalf of dealers, to Webzone's online motor vehicle advertising competitors, the Authority has concluded that no competition concern arises.
26. The proposed transaction does, therefore, not give rise to competition concerns.



**The Competition Authority**  
An tÚdarás Iomaíochta

### **Determination**

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Trader Publishing Limited of Webzone Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect subject to the provisions of Section 23(9)(a) of the Act.

**For the Competition Authority**

**Edward Henneberry**

Member of the Competition Authority